



JOINT FINANCIAL MANAGEMENT
IMPROVEMENT PROGRAM



Annual Report of FY 2004 Results





JOINT FINANCIAL MANAGEMENT
IMPROVEMENT PROGRAM



Annual Report of FY 2004 Results



JFMIP Officials and Staff

PRINCIPALS:

Joshua B. Bolten (Chair)
Director
Office of Management and Budget

David M. Walker
Comptroller General of the
United States

John W. Snow
Secretary of the Treasury

Kay Coles James
Director
Office of Personnel Management

STEERING COMMITTEE:

David M. Zavada (Chair)
Chief, Financial Standards and Grants
Branch
Office of Management and Budget

Jeffrey C. Steinhoff
Managing Director, Financial
Management and Assurance
Government Accountability Office

Robert N. Reid
Deputy Fiscal Assistant Secretary for
Accounting Policy
Department of the Treasury

Clarence C. Crawford
Associate Director for Management and
Chief Financial Officer
Office of Personnel Management

JFMIP STAFF:

Janet Allen
Stephen Balsam
Doris Chew
Gordon Dean
Steven Fisher
Mark Higgins
Dennis Mitchell
Donna Tebeau
Bruce Turner

Kathleen M. Turco
Chief Financial Officer
General Services Administration

Karen Cleary Alderman
Executive Director
JFMIP

JFMIP Principals



*Joshua B. Bolten
Director, Office of Management
and Budget
Chair, JFMIP Principals*



*David M. Walker
Comptroller General of the
United States*



*John W. Snow
Secretary of the Treasury*



*Kay Coles James
Director, Office of Personnel
Management*

JFMIP Steering Committee



*David M. Zavada (Chair)
Chief, Financial Standards and
Grants Branch, Office of
Management and Budget*



*Robert N. Reid
Deputy Assistant Secretary for
Accounting Policy
Department of the Treasury*



*Clarence C. Crawford
Associate Director for
Management and
Chief Financial Officer
Office of Personnel Management*



*Jeffrey C. Steinhoff
Managing Director, Financial
Management and Assurance
Government Accountability Office*



*Karen Cleary Alderman
Executive Director
JFMIP*



*Kathleen M. Turco
Chief Financial Officer
General Services Administration*

Table of Contents

Message From The Chair Of The JFMIP Principals	6
Message From The JFMIP Executive Director	8
Mission	10
JFMIP Organization	12
Accomplishments: FY 2004	14
Financial Systems Requirements	14
Federal Financial Management Human Capital	18
Information Sharing And Outreach	19
Directed Studies/Projects	21
Testing And Certification Of Core Financial Systems	22
Financial Highlights	26
Appendix – Accomplishments: FY 2004	28
Contact Information	29



MESSAGE FROM THE CHAIR OF THE JFMIP PRINCIPALS

As a Principal and the current Chair of the Joint Financial Management Improvement Program (JFMIP), I am pleased to report that the JFMIP Principals have promoted significant progress in several key areas. In FY 2004, the JFMIP Principals focused on actions to support the development of timely and accurate financial information for management decision-making. The most significant actions included:

- Ensuring the ongoing role of the Federal Accounting Standards Advisory Board (FASAB) as an independent Federal accounting standard-setting entity;
- Supporting the Office of Management and Budget's accelerated financial reporting and audit requirements;
- Encouraging greater transparency and disclosure in financial reporting of fiscal exposures and long-term commitments through a number of FASAB research projects;
- Considering the potential applicability to Federal agencies of new internal control and audit requirements set forth in the Sarbanes-Oxley Act of 2002 for public corporations. A joint study has been undertaken in this area by the Federal Chief Financial Officers Council and President's Council on Integrity and Efficiency;

- Acknowledging the establishment of a coordinating forum between the Government Accountability Office, the Public Company Accounting Oversight Board and the American Institute of Certified Public Accountants, Auditing Standards Board to assess the need to harmonize auditing standards; and
- Reviewing the impact of the JFMIP Program Management Office Core Financial System Test and Certification process on the availability of off-the-shelf vendor software to meet Federal financial management needs.

As I pass the gavel to Kay Coles James, Director of the Office of Personnel Management, to serve as the Chair of the Principals for the next two years, I look forward to working with her and the other Principals in our ongoing effort to improve Federal financial management.

Joshua B. Bolten

Director, Office of Management
and Budget

Message from the JFMIP Executive Director

The Joint Financial Management Improvement Program (JFMIP) achieved great progress in FY 2004. JFMIP's success was directly attributable to the personal leadership of its Principals, the high-level of commitment from its Steering Committee, and the active support from federal agencies, and the dedicated day-to-day efforts of its small permanent staff of professionals and developmental staff on assignment. The progress made by JFMIP, which this Annual Report highlights, has helped to further our shared goal: improving federal financial management. In FY 2004, efforts and accomplishments included:

- The issuance of an updated version of the *Framework for Federal Financial Management Systems*, a document that is the foundation for the Federal Financial Management System Requirements series of documents. The new *Framework* document describes the common financial management environment, vision, performance outcomes, key business processes, information flows, and desired characteristics that are applicable to systems that manage financial processes;
- The issuance of an exposure draft of the revised *Property Management System Requirements* document. The *Property* exposure draft, which incorporates material changes from the version first published in 2000, is a collaborative effort among federal financial managers, property managers, and industry partners. The *Property* exposure draft and the associated comments received by JFMIP will be provided to the Federal Real Property Council (FRPC) in accordance with Executive Order 13327 for consideration by the FRPC in their drafting of Real Property Asset Management System standards;
- The initiation of a new *Insurance System Requirements* document project, which is a first-of-its-kind document project in the federal government;
- Information, education, and outreach through the JFMIP Annual Conference,



JFMIP-sponsored executive forums on major issues of concern to the federal financial management community, developmental assignments, continued implementation of the web-accessible Financial Managers Directory database, as well as the leveraging of the JFMIP website by issuing in an exclusively online format, the *JFMIP News* and other documents; and

- JFMIP Program Management Office's comprehensive, traceable to requirements, and transparent testing of core financial system vendor software for use by federal agencies to help ensure that federal requirements and vendor offerings remain aligned. Specifically in FY 2004, JFMIP published an addendum to the *Core Financial System Requirements* document, developed the 2004 incremental test, and initiated a project to update the *Core Financial System Requirements* document, which will be issued in FY 2005.

JFMIP's effectiveness in FY 2004 was directly correlated to the commitment and participation of dedicated professionals who serve throughout the federal government, and it was my distinct honor to serve alongside them as we all aim to better serve the American public. I look forward to continuing the positive transformation of federal financial management in FY 2005.

Karen Clearly Alderman

Executive Director

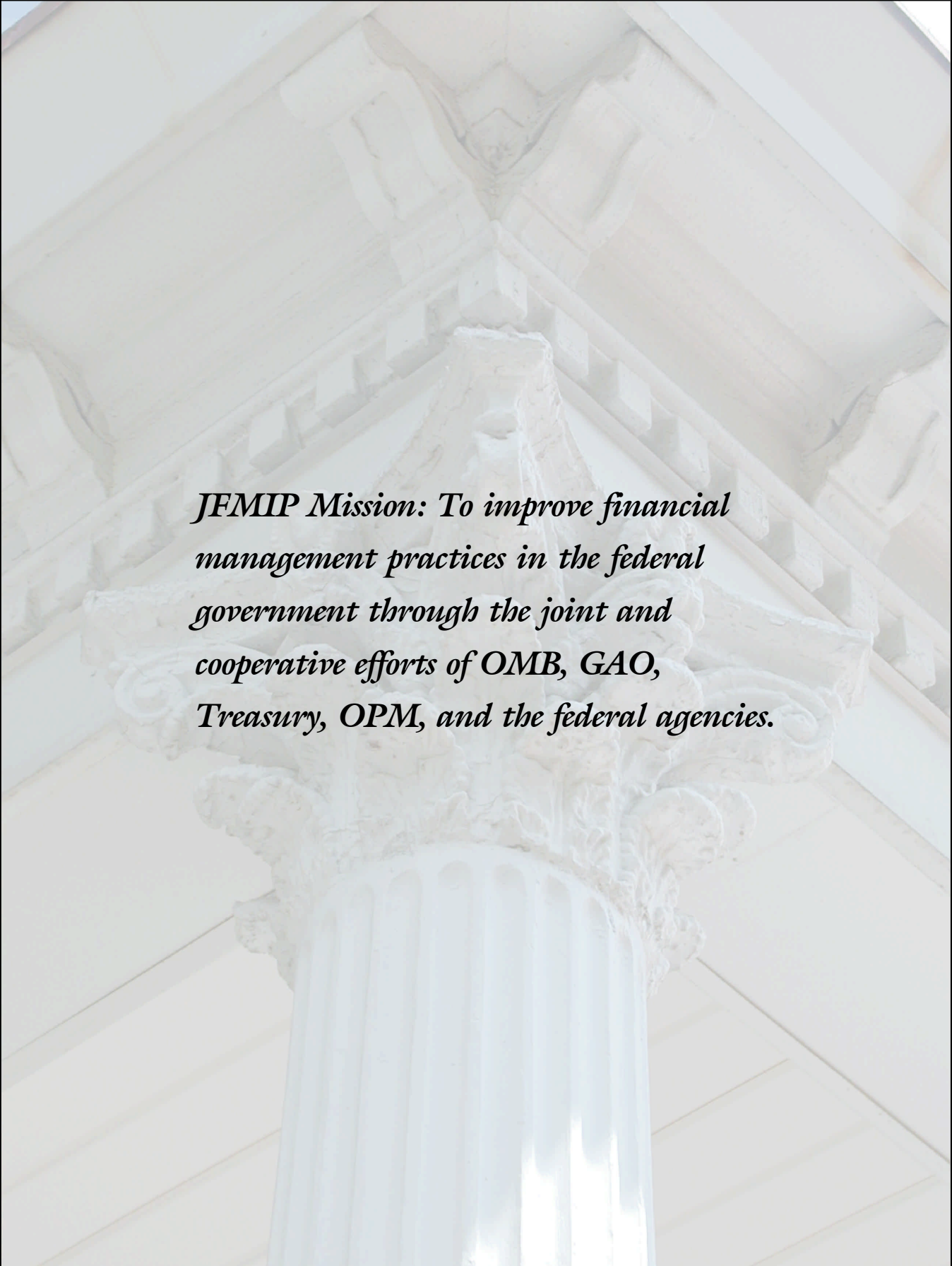


Mission

The mission of the Joint Financial Management Improvement Program (JFMIP) is to improve financial management practices in the government through the joint and cooperative efforts of the Office of Management and Budget (OMB), Government Accountability Office (GAO), Department of the Treasury (Treasury), Office of Personnel Management (OPM), and the federal agencies. JFMIP was given statutory authorization in the Budget and Accounting Procedures Act of 1950 (31 USC 65). Since passage of the Chief Financial Officers (CFO) Act in 1990, JFMIP has worked collaboratively with the CFO Council, which represents the interests of the federal agencies.

Financial management systems that support federal accounting needs are one of the key pillars for achieving the improvement in financial management envisioned by the CFO Act. Enactment of the Federal Financial Management Improvement Act focused attention on the system structure needed to crystallize this vision—implementation of federal accounting standards, consistent recording of transactions, and compliance with data requirements for transaction recording. JFMIP is working with its partners to bring about the changes needed to help ensure that federal agencies have the tools for building financial systems that can deliver the complete, consistent, reliable, and timely financial information that is crucial to decision-making processes. JFMIP also acts as a catalyst and clearinghouse for sharing and disseminating information about good financial management techniques and practices.

JFMIP coordinates the development and publication of functional requirements for financial management systems. In addition, a separate Program Management Office (PMO) is responsible for the testing and certification of commercial off-the-shelf (COTS) core financial system software for use by federal agencies.



JFMIP Mission: To improve financial management practices in the federal government through the joint and cooperative efforts of OMB, GAO, Treasury, OPM, and the federal agencies.

Organization

Leadership and program guidance for the JFMIP are provided through the joint efforts of four Principals:

- Comptroller General of the United States
- Secretary of the Treasury
- Director, Office of Management and Budget
- Director, Office of Personnel Management

The JFMIP Steering Committee meets monthly to oversee JFMIP projects and activities. It consists of a representative designated by each Principal, the Executive Director of the JFMIP, and a representative of a program agency. The General Services Administration (GSA) continues to serve as the program agency representative.

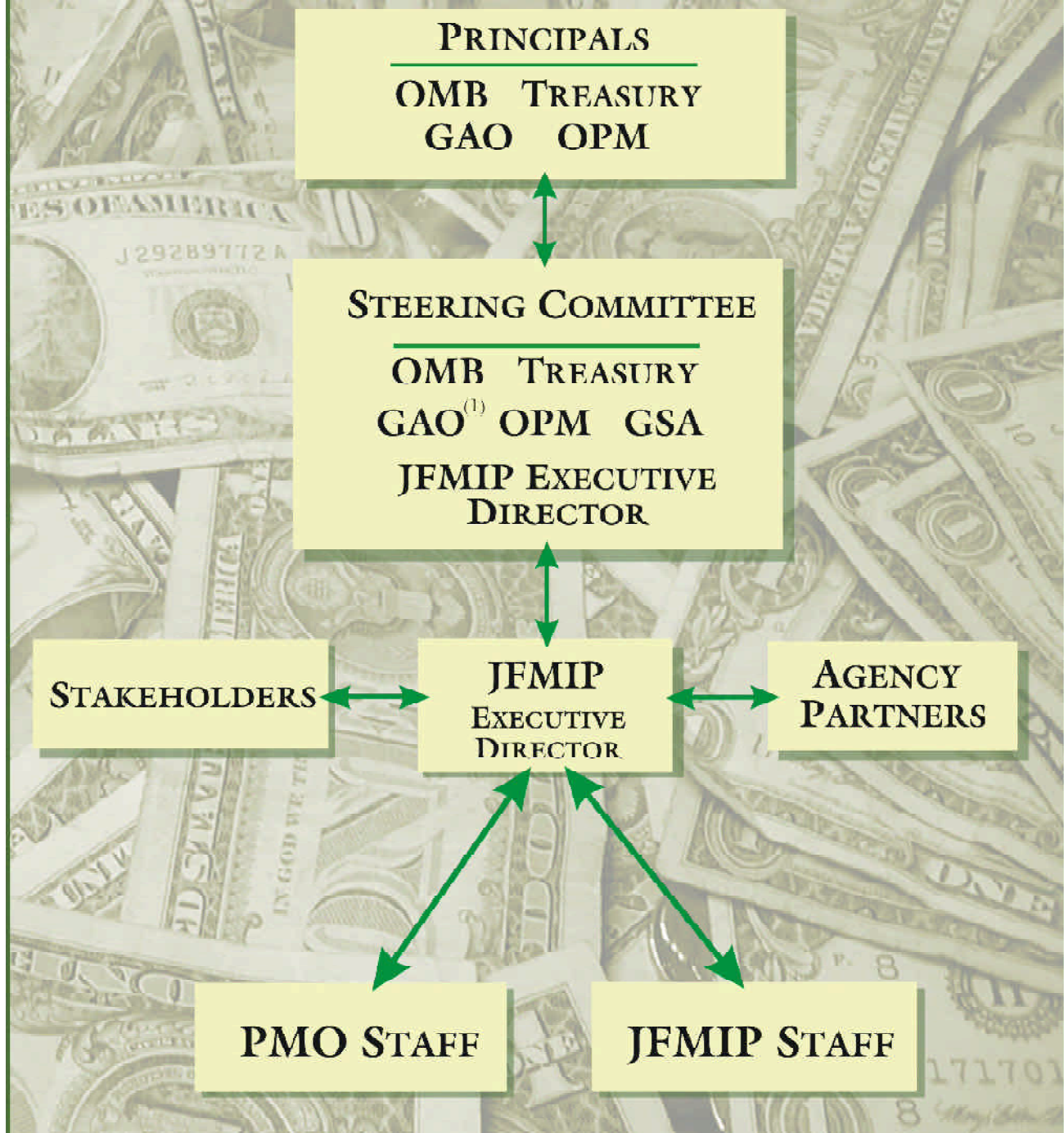
A small professional staff reports directly to the JFMIP Executive Director and carries out the day-to-day operational activities of JFMIP. The JFMIP staff publishes functional requirements documents for federal financial management systems, shares information on financial management practices, and undertakes directed studies and projects. Also, the Executive Director manages the PMO, established in 1999, using funds provided by CFO Council agencies. The PMO tests and certifies core financial management system vendor software packages for use by federal agencies. GAO's role with respect to system requirements, testing, and certification is limited to that of providing technical advice.

As part of its education and outreach, JFMIP provides developmental opportunities through rotational assignments for federal employees with an interest in improving the federal government's financial management systems and practices. These developmental assignments range from 30 days to a year.

The success of activities sponsored by JFMIP depends greatly upon partnerships with the federal financial management community, central policy organizations, and other federal program communities. As such, the quality and success of the JFMIP products reflect the talent and dedication of these agency and other representatives.

The following figure shows the JFMIP organization and working relationships among the JFMIP Principals, JFMIP Steering Committee, JFMIP staff, PMO staff, stakeholders, and agency partners.

JFMIP Organization and Working Relationships



(1) GAO's role with respect to system requirements, testing, and certification is limited to that of providing technical advice.

Accomplishments: FY 2004

FY 2004 was another successful year for JFMIP - the JFMIP Principals, Steering Committee, and staff worked in concert with federal policy and program agencies, the private sector, and other stakeholders to improve financial management in the government. Throughout the year, the JFMIP staff focused on several broad areas of interest:

- Financial system requirements
- Federal financial management human capital
- Information sharing and outreach
- Directed studies and projects
- PMO testing and qualification of core financial management system software

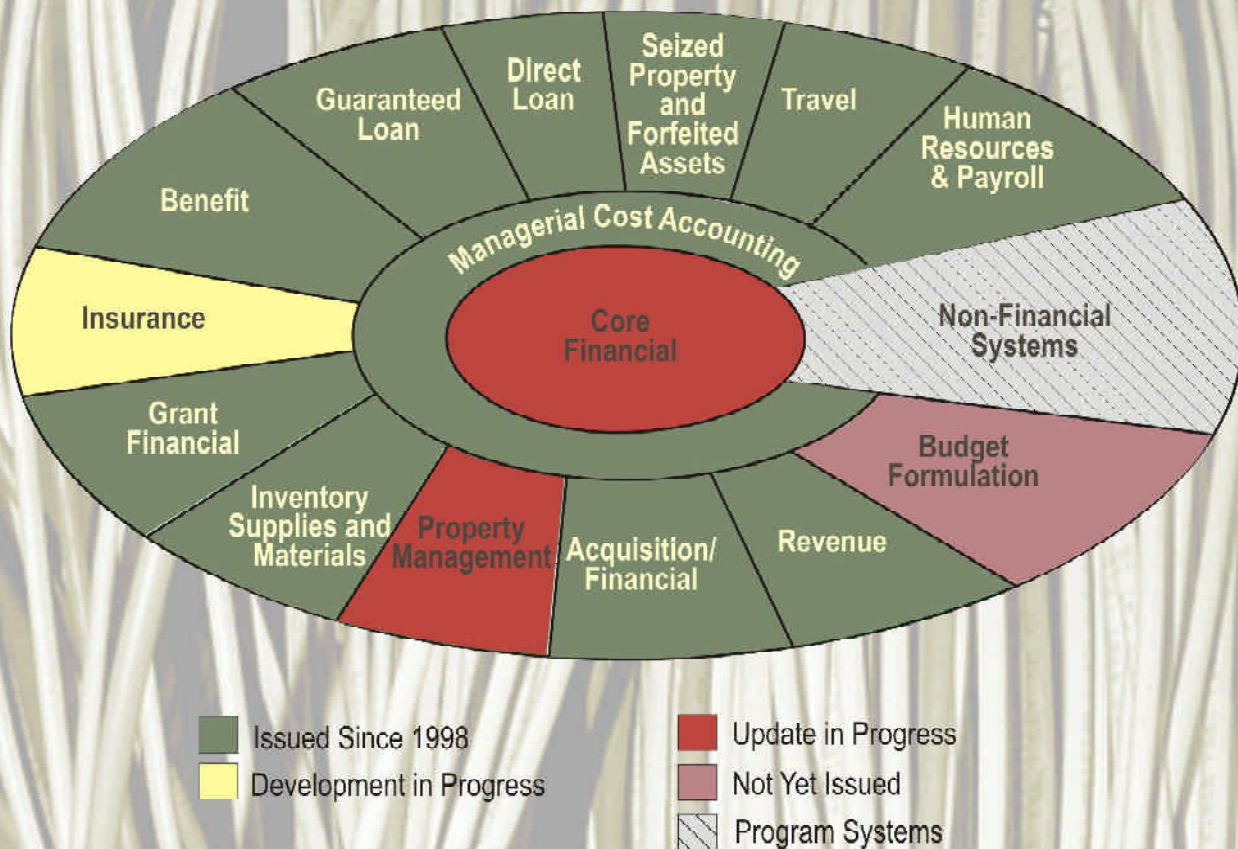
The staff's specific accomplishments within these areas are summarized below:

■ FINANCIAL SYSTEMS REQUIREMENTS

A key goal of JFMIP is to provide leadership to federal agencies and stakeholders in defining the functional requirements for federal financial management systems. The desired result of this effort is to provide standardized functional requirements for financial systems to the federal community and the vendors that support federal needs. The requirements documents are developed with the consensus of financial and program stakeholders, and in consideration of relevant laws, regulations, and standards. The JFMIP requirements documents are organized around services and financial event processes that support mission and program delivery needs, and are a significant component of the Federal Enterprise Architecture because they describe the federal financial applications and services environment that financial systems must be capable of supporting. By standardizing on a single set of high-order functional requirements, these documents allow the government to achieve considerable cost savings against the approximately \$2.36 billion in the FY 2004 budget for financial management system development and operation.

GOAL: *Improve the quality of financial management systems by leading the federal government to develop or update financial systems requirements documents.*

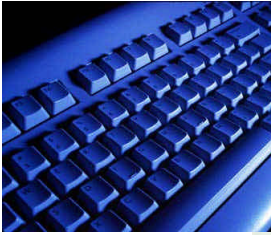
STATUS OF JFMIP REQUIREMENTS AS OF OCTOBER 2004:



The requirements documents developed in FY 2004 are described in the following sections:

FRAMEWORK FOR FEDERAL FINANCIAL MANAGEMENT SYSTEMS

In FY 2004, JFMIP published the updated *Framework for Federal Financial Management Systems*. The new *Framework* is the result of a collaborative effort between the Chief Information Office (CIO) and CFO communities, under the leadership of John Gilligan, CIO, Department of the Air Force, and Chair of the CIO Council Subcommittee on Architecture and Infrastructure, and Kathleen Turco, CFO of GSA, and representatives from 17 federal agencies. The *Framework* is the foundation document for the Federal Financial Management System Requirements series published by JFMIP. Together with all JFMIP requirements documents, the *Framework* achieves an illustration of an integrated financial management infrastructure that financial applications must be designed to support. The *Framework* working group partnered with OMB during the development of the new document to support e-Government and other OMB initiatives. To be consistent with the Federal Enterprise Architecture, the new Framework document is organized to correspond with the architectural layers (i.e. the business, data and information, application and services, and technology). The *Framework* describes the common financial management environment, vision, performance outcomes, key business processes, information flows, and desired characteristics that are applicable to systems that manage financial processes. The *Framework* also reflects collaboration among the central financial management agencies, particularly the Department of Treasury's Financial Management Service, to describe the agency-central agency financial management interrelationships.



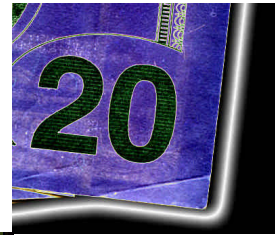
CORE FINANCIAL SYSTEM REQUIREMENTS

During FY 2004, JFMIP undertook two efforts to help ensure that published Core Financial System Requirements (Core) remained current and served as an effective foundation for the vendor software test and qualification process conducted by the JFMIP PMO. In March, JFMIP issued an addendum to the Core document in response to governmentwide initiatives. That addendum revised several core financial system requirements that pertain to payee information maintenance and external system interface capabilities in order to support timely implementation of Integrated Acquisition Environment (IAE) and Governmentwide Accounting (GWA) initiatives, as well as OMB policy on the Federal Acquisition Regulations. The addendum served as a basis for developing and executing the FY 2004 Incremental Test of Core software.

The second effort undertaken by JFMIP in Core was the start of a major update to the Core Financial System Requirements document, which was last issued in 2001. This update project, led by Mr. Mark Carney Deputy, CFO of the Department of Education and Chair of the CFO Council, Systems/e-Government Committee, incorporates new and changed requirements (including those addressed in the 2004 addendum) and will provide the basis to transition Core into JFMIP's integrated database tool. In support of the Core update, JFMIP:

- Analyzed improvement opportunities documented while executing the 2003 Core Qualification tests;
- Surveyed 35 agency program managers and leaders to assess current financial management system implementations to identify requirements needing clarification, and understand issues surrounding integrating Core with subsidiary systems (e.g., procurement, travel, and budget);
- Established a formal vetting process to solicit feedback from key stakeholders and subject matter experts from federal agencies and with governmentwide committees including the CFO Council Systems/e-Government Committee; and
- Attended the Financial Management Line of Business meetings to seek out information about Core.

The updated Core exposure draft is planned for release in early FY 2005 and will address enhanced Core functionality, basic operations/system assurance, new cash management functionality, general reporting, data accessibility and e-Gov/system interfaces.



PROPERTY MANAGEMENT SYSTEMS REQUIREMENTS

During FY 2004, an interagency working group with representatives from 12 agencies, under the leadership of the Department of Defense, revised the JFMIP *Property Management System Requirements* and issued it in exposure draft on the JFMIP website, www.jfmip.gov. The new *Property* exposure draft is a collaborative effort between federal financial managers, property managers and industry partners. Since the *Property Management System Requirements* was first published in 2000, there have been many significant changes in the property management arena, including new or clarified reporting and accounting requirements. JFMIP will provide the FRPC with the Property exposure draft and the associated comments received in accordance with Executive Order 13327 for consideration by the FRPC in their drafting of Real Property Asset Management System standards.

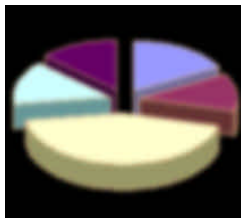
INSURANCE SYSTEM REQUIREMENTS

In FY 2004, JFMIP initiated a project to produce an *Insurance System Requirements* document, which is the first such document ever to be produced by the federal government. Under the leadership of the Federal Deposit Insurance Corporation (FDIC), and in collaboration with stakeholders from various federal insurance programs, JFMIP has formed a working group to develop the functional requirements for federal insurance programs. JFMIP plans to publish an exposure draft by the end of 2004, and a final document early in 2005.

INTEGRATED REQUIREMENTS DATABASE

In FY 2004, JFMIP published a white paper titled, “JFMIP Plan for Integrated Requirements Database.” In the white paper, plans were set forth to implement a software tool to host JFMIP requirements and provided a better basis for improving requirements management maturity. The vision is to achieve a fully integrated JFMIP Federal Financial System requirements database and to improve requirements management maturity through better requirements management standards and discipline. Establishing an integrated requirements database supported by a professional software tool will be a big step toward supporting financial systems integration and provides the foundation for further reengineering of the requirements management process. As we look ahead to the future, we may revisit other aspects of the requirements development and management process to incorporate best practices and develop a comprehensive requirements management process.





FEDERAL FINANCIAL MANAGEMENT HUMAN CAPITAL

JFMIP has promoted the development of the federal financial workforce through its educational and outreach activities, as well as hosting 10 participants from leadership development programs and other rotational assignments. JFMIP continues to work with CFO and human resources communities within the federal government to update the core competencies of the financial management workforce.

CORE COMPETENCIES IN FINANCIAL MANAGEMENT

In FY 2004, JFMIP began working with the OPM on its e-government initiative,

GoLearn.gov, by leveraging the knowledge gained from our study on the future federal financial management workforce and the competencies developed jointly with CFO Council's Human Capital Committee. In August 2004, JFMIP began updating the core competency documents in financial management for program managers and other financial management occupations (500 series), and plans to work with various agencies to update the documents, as necessary before OPM uses them on its GoLearn.gov website.

DEVELOPMENTAL ASSIGNMENTS

In FY 2004, JFMIP hosted nine developmental and Executive Potential Program participants, and one participant in the U.S. Department of State International Visitor Program. Their involvement in JFMIP activities provided an outstanding opportunity to broaden their knowledge of, and experience with, federal financial management. In addition, two senior system accountants were detailed to JFMIP from the Department of Defense and the National Aeronautics and Space Administration.

DEVELOPMENTAL ASSIGNMENTS AT JFMIP DURING FY 2004

Executive Potential Program

Peggy Alston - Department of Homeland Security (DHS)

Randall Glenn - General Services Administration (GSA)

Kavin Johnson - Department of Agriculture (USDA)

Sandra Pierce - Federal Deposit Insurance Corporation (FDIC)

Jasbir Sarna - Environmental Protection Agency (EPA)

Ray Suazo - Department of Agriculture (USDA – Forest Service)

Other

Sterling Adlakha - U. S. Coast Guard, Department of Homeland Security

Charles Calhoun - National Aeronautics And Space Administration (NASA)

Katsuhiro Hara - State Department International Visitor Program (Japan)

Elvon Lloyd - Department of Defense (DoD)

INFORMATION SHARING AND OUTREACH

Communication among the federal financial community, private-sector partners, and other stakeholders is critical to improving federal financial management.

JFMIP information sharing and outreach efforts during FY 2004 included speaking engagements at over 20 committees, councils, and professional associations that affect federal financial management; disseminating information through the *JFMIP News*, JFMIP white papers, and executive forums; and participating in financial conferences, seminars, and work groups.

JFMIP utilized its website (www.jfmip.gov) to deliver new JFMIP products and information to stakeholders, and in so doing, saved on printing costs. As part of the website, the JFMIP Knowledgebase provided the primary venue for distributing information about core financial system testing and qualification process, results, and related materials.

The *JFMIP News*, issued quarterly and distributed exclusively via the Internet, shared information on current financial management developments, activities and practices,

and profiles on financial leaders. JFMIP has leveraged the cost-saving utility of the Internet by completely transitioning to electronic distribution of all its products and information.

Maintaining a contact network among stakeholders continues to be a key goal of JFMIP. To that end, JFMIP continued to work with federal agencies during FY 2004 to enhance the online *Federal Financial Managers* database, which is accessible via www.jfmip.gov.

GOAL: *Enable effective communication of important financial management information among agencies and shareholders through information and outreach activities.*

Joint Financial Management Improvement Program - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Search Favorites Media

Address <http://www.jfmip.gov/jfmip/>

Joint Financial Management Improvement Program

Welcome

HOME JFMIP DOCUMENTS KNOWLEDGEBASE SEARCH CONTACT US

About JFMIP

Links

Privacy Statement

Site Map

FSC Council Chambers

Calendar

Presentations

JFMIP Archive

Annual Financial Management Conference

Mark Your Calendar for March 10, 2005

JFMIP 34th Annual Financial Management Conference

Washington Hilton Hotel
1919 Connecticut Avenue NW
Washington, DC

Scantlebury Award Nominations

The JFMIP is soliciting nominations for the **Donald J. Scantlebury Memorial Awards** for distinguished leadership in financial management.

JFMIP ARCHIVE

JOIN THE JFMIP E-MAIL LIST

RECENT JFMIP REQUIREMENTS DOCUMENTS

FEDERAL FINANCIAL MANAGERS DIRECTORY

For more information and options, see the [bottom of this page](#)

JFMIP Qualification Test Results to Date

See [Summary of Qualified Software](#) and related Supplemental Test



33RD ANNUAL JFMIP CONFERENCE

In FY 2004, over 1,000 attended the 33rd Annual JFMIP Conference. The theme of the conference was "Improving Performance with Useful Financial Information." JFMIP Principals, OMB Director Joshua B. Bolten, OPM Director Kay Coles James, Comptroller General David Walker, and Chairman William McDonough of the Public Company Accounting Oversight Board gave keynote addresses. Conference sessions covered a variety of topics, including:

- Improving Financial Performance
- Keys to Effective Reporting
- Partnering with Decision Makers
- Change Management: The Next Workforce Generation

- The Enterprise Challenge to System Modernization
- Responding to Changes in the Auditing Environment

The conference provided 7 hours of continuing professional education credits to all attendees. The results of the conference were summarized in the Spring 2004 *JFMIP News*.

Another highlight of the conference was the presentation of the *Donald L. Scantlebury Memorial Awards* for distinguished leadership in financial management improvement in the public sector. These awards commemorate Don Scantlebury, a dynamic leader whose ideas and actions brought significant advances to financial management. This year's recipients were Mark Carney, Deputy Chief Financial Officer, U.S. Department of Education; Jesse L. Funches, Chief Financial Officer, U.S. Nuclear Regulatory Commission; and Barbara Hafer, Treasurer for the Commonwealth of Pennsylvania.



Opening Ceremonies of the 33rd Annual Financial Management Conference

DIRECTED STUDIES/ PROJECTS



JFMIP periodically provides leadership for financial management initiatives through studies and projects. These studies and projects are generally directed by OMB, the CFO Council, or JFMIP Steering Committee, and are deemed to be of a high level of importance and visibility.

INTRA- GOVERNMENTAL TRANSACTIONS

During FY 2004, a dedicated JFMIP senior staff member continued to lead and manage the Intra-governmental Transactions Project sponsored by OMB. This project is one of two key efforts undertaken by OMB to improve federal financial management and to address the inability of the federal government to properly account for billions of dollars in intra-governmental transactions. One of the key accomplishments of this project during 2004 was the deployment of a production pilot and successful testing by a limited number of agencies. This pilot resulted in the identification of business process issues that need to be addressed. Plans and actions are already under way to address the issues and complete the project in fiscal year 2005.

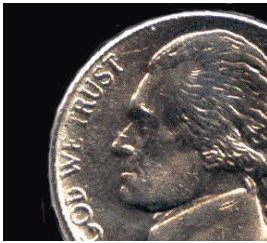
FORUM ON KEYS TO SUCCESSFUL INTEGRATION / INTEROPERABILITY OF BUSINESS MANAGEMENT SYSTEMS

In May 2004, JFMIP, in partnership with the Private Sector Council (PSC) and the Systems and E-Government Committee of the CFO Council, hosted an executive forum titled, "Keys to Successful Integration / Interoperability of Business Management Systems," which brought together experts and senior managers from the federal government,

GOAL: *Address high visibility governmentwide financial management issues or obstacles by leading directed studies or projects.*

the private sector, and academia. The forum's objective was to draw upon the expertise of managers in a variety of disciplines including: financial management, acquisition, information technology, and human resources, to identify and share information regarding the key issues surrounding the successful integrations and interoperability of multiple business management systems. The forum identified the following institutional barriers as impediments to the successful integration and interoperability of multiple business management systems:

- Governance and accountability issues need to be defined and responsibilities specifically assigned because reliance on ad hoc inter-agency collaboration alone will not suffice;
- Funding mechanisms and project management scheduling must be realistically structured to facilitate, not hinder, the complex task of achieving interoperability;
- Data and business rules need further clarification before standardization and system interoperability can be achieved; and
- Communication remains a challenge. There is no lack of commitment by stakeholders; however, there is a lack of precision in the process toward achieving integration and interoperability.



GOAL: *Improve financial systems implementation success by conducting testing to ensure that federal financial management requirements and vendor software offerings are aligned.*

TESTING AND CERTIFICATION OF CORE FINANCIAL SYSTEMS

A goal of the Program Management Office (PMO) is to manage a software test and qualification process that helps ensure commercial vendor's software offerings are capable of satisfying the mandatory requirements contained in the JFMIP core financial system requirements. OMB Circular A-127 "Financial Management Systems" requires that federal agencies replacing core financial system software may only acquire "off-the-shelf" software that has been tested and certified through the JFMIP as meeting JFMIP Core Financial System Requirements. This testing is conducted by the PMO under the direction of the JFMIP Executive Director, using funds provided by CFO Council agencies.²

OTHER INITIATIVES

JFMIP also supported the CFO Council's Financial Acceleration Committee in its efforts to address accelerated reporting issues, problems, requirements and timelines, and more broadly, to help ensure the 'integrity' of financial information needed for decision-making. In FY 2004, JFMIP captured and documented best practices that were set forth in the two CFO Council's Financial Acceleration Committee forums held, which were designed to address agency questions and concerns related to the FY 2004 reporting process, and share lessons learned from earlier attempts at acceleration.

QUALIFIED VENDOR SOFTWARE PACKAGES

SEPTEMBER 30, 2004

CGI-AMS, Momentum Financials, Version 5.1

Digital Systems Group, IFMIS, Version 6.0

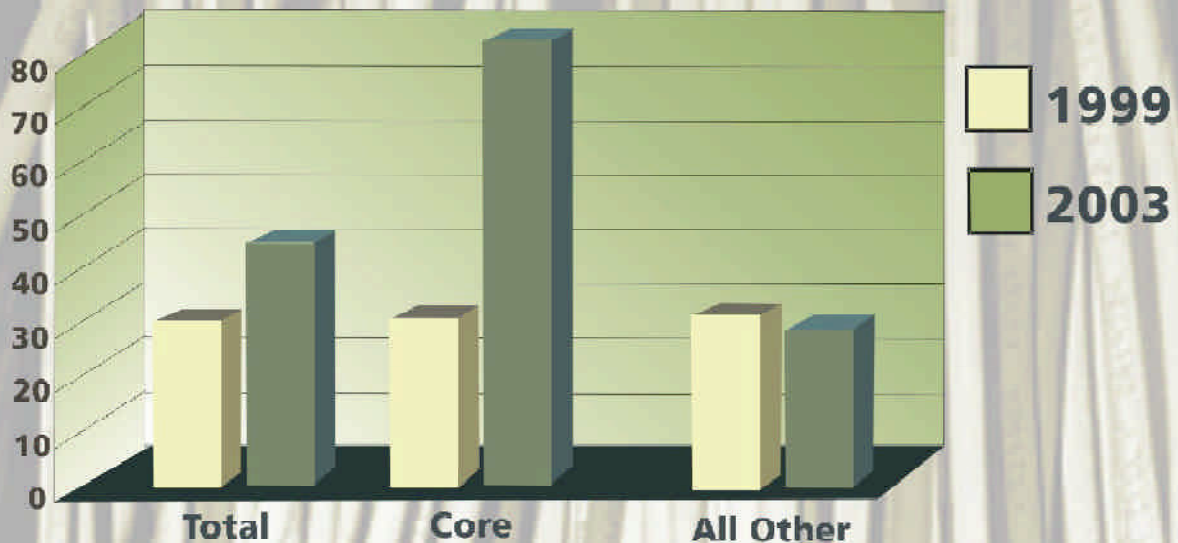
Oracle, Oracle E-Business Suite 11i, Version 11i.10

PeopleSoft, PeopleSoft Financial Management Solutions, Version 8.8

SAP, mySAP ERP, 2004 Edition

Savantage, Altimate, Version 3.0

Percentage of Civilian Agency Federal Financial Management Systems *in Development* That Rely on "Pure" COTS, 1999 and 2003



Source: OMB, Financial Management System Inventory, 2003.
 40 financial management systems were in development in 1999 and 2003;
 8 were Core in 1999; 13 were Core in 2003

The testing process leverages the federal community's ability to help ensure that vendor software offerings remain up to date with changing federal requirements through the conduct of baseline tests (which test only mandatory requirements) on a 3-year cycle, incremental tests which may be declared on an annual basis to address new mandates, and posting of supplemental information at www.jfmip.gov to assist stakeholders in evaluating tested software products. FY 2004 PMO accomplishments are as follows:

In FY 2004, the PMO completed the certification of two vendor software products that successfully demonstrated compliance with the mandatory JFMIP core requirements issued in 2001. The 2003 test includes about

730 test steps using approximately 1,500 transactions and 250,000 data points to evaluate software ability to support 331 requirements in a specific, controlled test environment. As of the end of the fiscal year, a total of six vendor software products held certificates based on the 2003 test. They are valid for a 3-year period from the date they were issued, subject to annual incremental testing.

In FY 2004, the PMO greatly enhanced Knowledgebase information at www.jfmip.gov about the software products that were issued certificates of compliance. Supplemental test information now includes detailed reports on each test that discloses test variances; software and hardware used in the conduct of the test



GOAL: *The testing and qualification process has significantly benefited federal agencies by reducing the need to customize source code in order for systems to support mandatory requirements.*

such as third party reporting tools; package architecture; functional notes on type of product, U.S. Standard General Ledger management, receivables, payables, standard business interfaces, and cost management; and value added requirements. Expanded information is provides additional transparency to stakeholders about the products tested by the PMO.

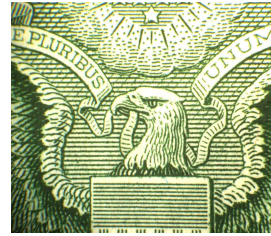
Also, the PMO designed, developed and executed an incremental test of certified software to address functionality required to support mandatory governmentwide policies and requirements issued after 2001. The FY 2004 incremental test addressed three areas where functional requirements changed including mandated use of the Central Contractor Registration (CCR) for managing and maintaining payee information; (b) compliance with revised Federal Agency Centralized Trial balance System (FACTS) II reporting requirements; and, (c) the ability to satisfy new rules associated with the Department of Treasury's Intra-governmental Payment and Collection (IPAC) system. As of September 30, 2004 two software vendors had successfully completed the 2004 incremental test process, those two products are Oracle E-Business Suite 11i, Version 11i. 10 and mySAP ERP Edition 2004.

Since the PMO was given testing responsibility in 1999, it has rigorously defined the core requirements and made the testing more comprehensive to help ensure that software better supports government needs. At the end of FY 2004, there were six software packages that had been certified, with the potential of an additional product that is scheduled to complete the test process in the beginning of FY 2005.

One of the values of the certification process is that private-sector vendors now have one comprehensive source for information about federal core financial system requirements. In addition, the PMO has partnered with Treasury organizations to provide vendors with test facilities so they can demonstrate that their products meet Treasury's processing requirements. Vendors whose software meets the mandatory federal core requirements are eligible for consideration by agencies purchasing software.

Although centralized certification leverages the federal community's ability to help ensure that software offerings remain up to date with changing federal requirements, it alone will never be sufficient for successful implementation of systems. The PMO does not assess the suitability of a financial application for potential operating

environments, agency-specific requirements, and the application's computing performance (e. g. , user capacity, response time, and transaction throughput). Also, the PMO test is conducted using a specific configuration. Changes in software configuration may result in changes in functional performance. Achieving federal financial system success remains a challenge with many risks. Overcoming those risks requires effective executive sponsorship, skilled project management, knowledgeable integrators, legacy data clean up and conversion, strong acceptance testing regimens that addresses scalability and performance in addition to functionality; change management; and continuous management of the “seams” where core systems integrate with other systems. As a consequence, agencies should consider the certification process as simply the entry criteria for federal use of “off the shelf” core financial software. Agencies must still perform due diligence in evaluating the best fit among



potential products to their specific needs, managing implementations, and performing acceptance testing in their operating environments.

One of the outcomes of a strong centralized testing protocol is the availability and use of core financial system COTS by federal agencies without having to modify source code. Using OMB Financial Management System Inventory data, a comparison of 1999 and 2003 data for civilian agencies³ is instructive. As illustrated in the following figure, only two of the eight core financial systems in development at civilian agencies (25 percent) in 1999 used pure COTS (unmodified source code). Four years later, 10 of the 13 systems in development (77 percent) used all COTS software. OMB requires agencies to use COTS, and the stringent test process of the PMO helps ensure that available software better meets agencies' requirements.

³ Source: Office of Management and Budget, *Financial Management System Inventory*, 2003.

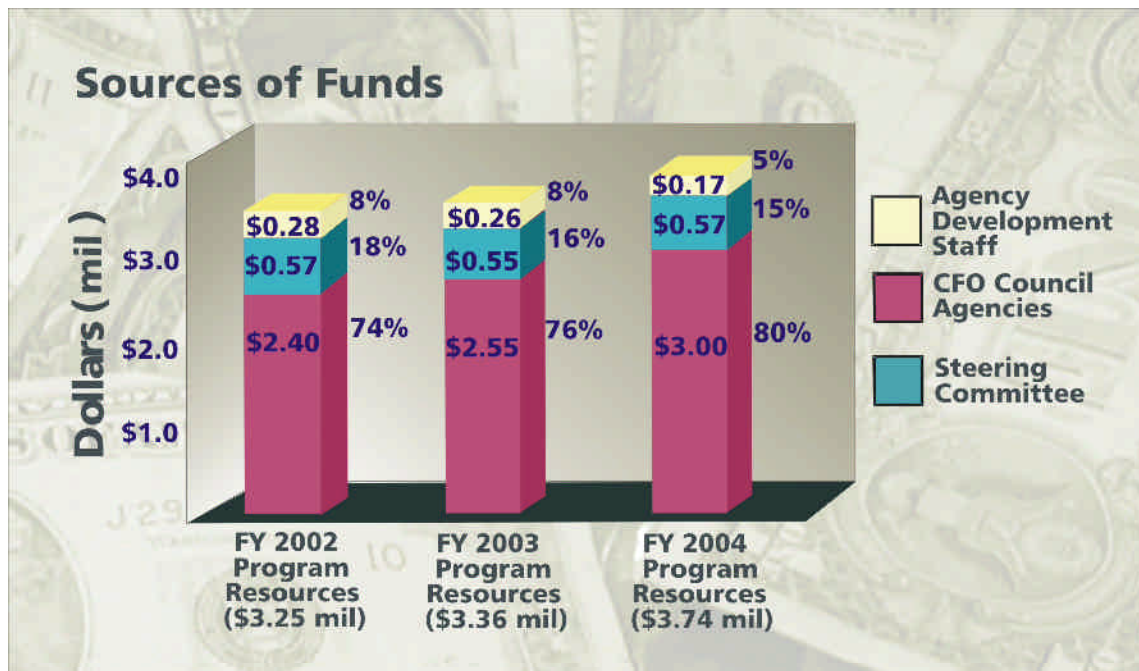


Financial Highlights

Although JFMIP does not maintain its own financial management system or receive a direct appropriation, we carefully monitor the flow of resources that are entrusted to us. GSA provides JFMIP with administrative support services. The funds shown in this report were based upon unaudited budgetary flows. Since these funds were part of GSA's Working Capital Fund, they would be included in the audited financial report of GSA. The primary differences between sources and uses of funds between FY 2002 and FY 2004 resulted from the programming and obligating of funds in one year and performing the work in another.

SOURCES OF FUNDS

Funding for JFMIP activities is provided through a memorandum of agreement among the four Principals and designated program agency, which for FY 2004 provided \$570K in funding. Resources for the activities of the PMO are funded by contributions from the 24 major agencies and departments that are frequently referred to as the CFO Act agencies. These agencies contributed \$3,000K for FY 2004 activities. JFMIP also receives contributed resources from sponsoring agencies in the form of staff on developmental assignments to JFMIP. These resources totaled \$172K in FY 2004. JFMIP sources of funds do not include the time and effort expended by agency representatives who participated in various JFMIP-sponsored projects. Resource inflows and outflows associated with these efforts are not included in our financial data.

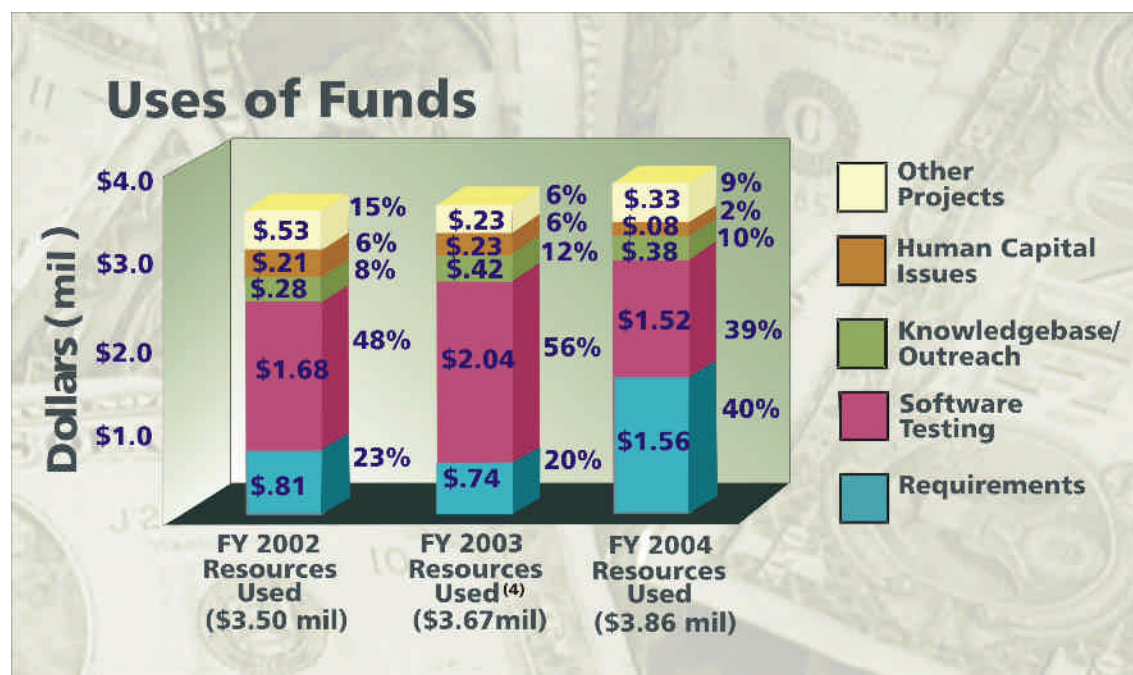


USES OF FUNDS

Total costs incurred for JFMIP activities in FY 2004 were \$3,856K. The distribution of these costs over the broad areas of interest—requirements, human capital issues, directed studies, and software testing and outreach—is based upon management’s assessment of input from project managers and the use of a reasonable method for allocation. General administrative costs have been distributed across these primary mission activities. Costs associated with the efforts from developmental details were based upon comparable contractor rates.

The cost for developing and publishing requirements documents was \$1,560K, approximately 40 percent of total costs. This cost includes the salaries and expenses for contractors and personnel assigned to JFMIP as well as the cost for developing and issuing the documents. The cost for software testing was \$1,515K, approximately 39 percent of total cost; it includes the cost incurred for the administration of the individual software qualification and incremental tests, the cost for development of the incremental test, and

preparations made to develop the 2005-6 incremental tests. The cost for Knowledgebase and outreach activities was \$377K, or approximately 10 percent of the JFMIP total. The activities included in this category are the maintenance of the JFMIP website and Knowledgebase, issuance of the JFMIP newsletters and annual report, and the hosting of our annual conference. The cost for financial management human capital development was \$75K, nearly 2 percent of the total, which included support for human capital issues, including the planning for the update of core competencies. The cost for directed studies and projects was \$329K, approximately 9 percent of the total; much of those funds covered the cost of the Intra-Governmental Transactions Project.



(4) FY 2003 Uses of Funds restated by a factor of approximately \$300K reflecting a double-count of resources associated with agency detailees. The purpose of this restatement is for clarity in reporting only; there is no change in actual dollars spent in FY 2003.

Appendix

ACCOMPLISHMENTS: FY 2004

FINANCIAL SYSTEMS REQUIREMENTS

- Issued the Framework for Federal Financial Management Systems
- Issued addendum to 2001 Core Requirements
- Developed draft update of Core Financial System Requirements
- Issued exposure draft of the Property Management System Requirements
- Initiated Insurance System Requirements Document Development Project
- Began implementing the Integrated Requirements Database

FEDERAL FINANCIAL HUMAN CAPITAL DEVELOPMENT

- Hosted nine Developmental and Executive Potential Program participants, and one participant in the U. S. Department of State International Visitor Program
- Participated in the Presidential Management Fellowship Program sponsored by OPM
- Worked with OPM on GoLearn. gov initiative, and developed project plan to update Core Competencies in Financial Management for Program Managers and other financial management occupations in the federal government

INFORMATION SHARING AND OUTREACH

- Presented at 20 federal financial management conferences

- Published four quarterly JFMIP newsletters
- Maintained the JFMIP website and the Knowledgebase
- Conducted the 33rd Annual JFMIP Conference
- Presented the Donald L. Scantlebury Leadership Awards
- Continued implementation of the web-based Financial Managers Directory database

DIRECTED SPECIAL STUDIES/ PROJECTS

- Conducted the JFMIP Forum: Keys to Successful Integration / Interoperability of Business Management Systems
- Supported OMB's FIDO. gov initiative
- Supported Intra-governmental Transactions Project

PROGRAM MANAGEMENT OFFICE – SOFTWARE QUALIFICATION TESTING

- Conducted the Core Financial System Software Qualification Testing Program; tested two software products
- Updated the Qualified Software List and Supplemental Information; expanded the information presented about each product
- Developed and Executed 2004 Incremental Test

CONTACT INFORMATION

JFMIP

1990 K Street NW
Suite 430
Washington, DC 20006

Phone: (202) 219-0526
Fax: (202) 219-0549

Website: *www.jfmip.gov*





JOINT FINANCIAL MANAGEMENT
IMPROVEMENT PROGRAM

1990 K STREET N.W.
SUITE 430
WASHINGTON, DC 20006